

THIS INSTRUMENT PREPARED
BY AND AFTER RECORDING
RETURN TO:

Donald S. Horvath
Jenner & Block, LLC
One IBM Plaza
330 North Wabash Avenue
Chicago, Illinois 60611

Above Space For Recorder's Use Only

EASEMENT AGREEMENT (DUCK CREEK)

THIS EASEMENT AGREEMENT (the "**Agreement**") is made as of this ____ day of _____, _____, by and between **CENTRAL ILLINOIS LIGHT COMPANY**, an Illinois corporation ("**CILCO**"), and **CENTRAL ILLINOIS GENERATION, INC.**, an Illinois corporation ("**Owner**").

R E C I T A L S:

A. Pursuant to the terms and conditions of that certain Contribution Agreement dated as of _____, 2001 by and between CILCO and Owner (the "**Contribution Agreement**"), CILCO has transferred to Owner, and Owner has received from CILCO, the assets used in its Generation Operations (as defined therein) including, without limitation, fee title to that certain parcel of land located at 17751 North CILCO Road, in the City of Canton, County of Fulton and State of Illinois, which parcel of land is legally described on Exhibit A attached hereto (the "**Duck Creek Parcel**").

B. The Duck Creek Parcel is currently improved with an electric generating plant and related improvements (collectively, the "**Duck Creek Plant**") and the portions of the Retained Transmission and Distribution Assets (as defined in the Contribution Agreement) that are currently located on the Duck Creek Parcel (as the same are improved, upgraded, replaced or expanded from time to time, the "**Duck Creek Transmission and Distribution System**"), including, without limitation, the Lines (as hereinafter defined) which are located on the portions of the Duck Creek Parcel legally described on Exhibit B attached hereto (the "**Line Easement Parcel**"). The Duck Creek Transmission and Distribution System consists of the Lines and the Switchyard (as hereinafter defined). CILCO will retain ownership of and responsibility for, and will not transfer or convey to Owner, the Duck Creek Transmission and Distribution System.

C. Owner desires to grant and CILCO desires to receive certain easements upon portions of the Duck Creek Parcel to permit CILCO to maintain and operate the Duck Creek Transmission and Distribution System, all as more fully set forth below.

D. The parties desire to make certain agreements regarding such easements.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the following grants, agreements, covenants and restrictions are made:

1. Recitals. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference.

2. Easements.

a. Switchyard Easement. Subject to the terms and conditions of this Agreement and to the terms and conditions of the Contribution Agreement, Owner hereby grants and conveys to CILCO, its successors and assigns, for the benefit of CILCO, its successors and assigns, an irrevocable, non-exclusive and perpetual easement upon, over, under and across those portions of the Duck Creek Parcel on which the portions of the Duck Creek Transmission and Distribution System making up the switchyard (the "**Switchyard**") are located as of the date of this Agreement, which portions of the Duck Creek Parcel are legally described on Exhibit C attached hereto (the "**Switchyard Easement Parcel**"), for the purposes of (i) operating, maintaining, testing, inspecting, repairing, replacing (if necessary) and improving the Switchyard, (ii) clearing any and all obstructions from the surface and subsurface of the Switchyard Easement Parcel, from time to time, as reasonably required incident to the grant given under this Section 2(a), and (iii) performing such obligations with respect to the Switchyard and/or the Switchyard Easement Parcel as may be expressly assumed in writing by CILCO, from time to time, pursuant to any contractual undertakings between CILCO and Owner. CILCO shall have the right to gain access, ingress and egress to and from the Switchyard Easement Parcel along the Access Route (as hereinafter defined) at any and all times for any or all of the purposes set forth in this Section 2(a), in accordance with the terms and conditions of this Agreement, including, without limitation, Section 2(c) below, and the Protocols (as hereinafter defined).

b. Line Easement. Subject to the terms and conditions of this Agreement and to the terms and conditions of the Contribution Agreement, Owner hereby grants and conveys to CILCO, its successors and assigns, for the benefit of CILCO, its successors and assigns, an irrevocable, non-exclusive and perpetual easement upon, over, under and across the Line Easement Parcel for the purposes of (i) installing, operating, maintaining, testing, inspecting, repairing, replacing (if necessary), improving, relocating and removing, from time to time, the portions of the Duck Creek Transmission and Distribution System which are located upon, under, on, over or across the Line Easement Parcel (the "**Lines**"), (ii) trimming and removing, including the use of EPA approved herbicides, trees, bushes and saplings on or near the Line Easement Parcel, from time to time, as reasonably required incident to the grant given under this Section 2(b), (iii) clearing obstructions from the surface and subsurface as reasonably required incident to the grant given under this Section 2(b), in, over, under, across, along and upon the surface of the Line Easement Parcel, and (iv) performing such obligations with respect to the Lines and/or the Lines Easement Parcel as may be expressly assumed in writing by CILCO, from time to time, pursuant to contractual undertakings between CILCO and Owner. CILCO shall have the right to gain access, ingress and egress to and from the Line Easement Parcel by the most direct route over, across, along and upon the Duck Creek

Parcel or the Access Route, as applicable, at any and all times for any or all of the purposes set forth in this Section 2(b), in accordance with the terms and conditions of this Agreement, including, without limitation, Section 2(c) below, and the Protocols.

c. Access Easement. Upon reasonable prior notice, access to the Switchyard Easement Parcel and Line Easement Parcel (collectively, the "**Easement Parcels**") shall be available to CILCO via the entrance to the Duck Creek Plant located on the north side of the Duck Creek Parcel, and along the route depicted on the site plan attached hereto as Exhibit D (the "**Access Route**"). Accordingly, subject to the terms and conditions this Agreement, the terms and conditions of the Contribution Agreement and the Protocols, Owner hereby grants and conveys to CILCO, its successors and assigns, for the benefit of CILCO, its successors and assigns, an irrevocable, non-exclusive and perpetual easement upon, over and across the Access Route for the sole purpose of pedestrian and vehicular ingress and egress to and from the Easement Parcels to and from the public roadway commonly known as CILCO Road (the "**Access Route Easement**").

3. Rights and Responsibilities.

a. Subject to the terms and conditions of this Agreement and to the terms and conditions of the Contribution Agreement, Owner reserves the following rights with respect to the Easement Parcels so long as the exercise by Owner of such rights does not unreasonably interfere with CILCO's use of the Easement Parcels for the purposes herein granted or unreasonably increase any of CILCO's obligations under this Agreement:

(i) the right to use all the surface and subsurface areas of the Duck Creek Parcel for any reason and in such manner as Owner shall deem proper, in its sole discretion;

(ii) the right to grant additional access, utility or other easements over, upon and under, and the right to grant others the right to use, all or any portion of the Easement Parcels; and

(iii) the right at any time and from time to time, whether in connection with the operation of the Duck Creek Plant or otherwise, (a) to relocate the Easement Parcels or any part thereof to a different portion of the Duck Creek Parcel, subject to the approval of CILCO, which approval CILCO may withhold only if the relocation shall unreasonably interfere with CILCO's use of the Easement Parcels for the purposes herein granted, or (b) to relocate or change the Access Route Easement, without CILCO's consent or approval. By no later than forty-five (45) days after the receipt by CILCO of written notice from Owner describing an intended relocation, CILCO shall deliver to Owner, in writing, CILCO's approval of the intended relocation or CILCO's disapproval, which disapproval shall be accompanied by a written statement specifying the reasons therefor. CILCO's failure to respond within said forty-five (45) day period shall be deemed to mean that CILCO approves the intended relocation. CILCO shall cooperate with Owner in taking all steps necessary or appropriate to accomplish said relocation, including, without limitation, (x) the release of the easements granted herein and the creation of a new easement agreement

on the same terms and conditions as set forth herein, but containing the legal description of the new easement parcels, or (y) the amendment of this Agreement to substitute the legal description of the new easement parcels. Costs associated with relocating the Edwards Station Transmission and Distribution System including, but not limited to, engineering, removal, construction and installation. Owner shall also pay all filing and recording costs necessary to effectuate such change and all costs of removing the existing easements and documenting the relocated easements.

b. Notwithstanding anything herein to the contrary, but subject to Owner's control over the operation of the Manual Disconnect (as hereinafter defined) under Section 3(d) below, CILCO shall have sole responsibility for the installation, operation, testing, inspection, maintenance, repair and replacement (if necessary) of the Duck Creek Transmission and Distribution System, including, without limitation, the Manual Disconnect.

c. CILCO shall not have the right to construct or install any buildings, structures, poles, wires, conduits, cables, manholes, transformers, pedestals, fixtures, or other improvements on, through or over the Easement Parcels (other than replacements of existing buildings, structures, poles, wires, conduits, cables, manholes, transformers, pedestals, fixtures and improvements located on the Easement Parcels), except that upon giving Owner thirty (30) days' prior written notice, CILCO may construct or install any buildings, structures, poles, wires, conduits, cables, manholes, transformers, pedestals fixtures or other improvements to improve the quality of Duck Creek Transmission and Distribution System, provided such construction or installation shall not unreasonably interfere with Owner's rights hereunder, Owner's operation of the Duck Creek Plant or encroach upon portions of the Duck Creek Parcel other than the Easement Parcels. Notwithstanding the foregoing, CILCO, at its sole cost and expense, shall have the right to install and maintain in good condition on the Switchyard Easement Parcel, or on the fence around the Switchyard Easement Parcel, any warning signs that CILCO believes are reasonably necessary or which are required under any applicable law, statute, rule or regulation.

d. The flow of electricity along the Lines leading from the electric generating turbine and related step-up transformers located at the Duck Creek Plant to the Switchyard may be disconnected through the use of a certain switch or circuit breaker located on the Switchyard Easement Parcel known as the "**Manual Disconnect**". Owner shall retain control over the operation of the Manual Disconnect and, subject to the Protocols, shall have the right of ingress and egress to and from the Switchyard Easement Parcel at all times to operate the Manual Disconnect. In the event CILCO intends to operate, maintain, test, inspect, repair, replace, improve or otherwise take action with respect to the Duck Creek Transmission and Distribution System in a manner that requires operation of the Manual Disconnect, CILCO shall provide Owner with reasonable prior notice of such activity.

e. In utilizing any easement granted hereunder, CILCO, as grantee thereof, shall minimize the impact of its exercise on the operations conducted on the Duck Creek Parcel taking into account the economic impact of any disruptions on the operations of Owner. To the extent that any easement granted hereunder may interfere with the operations of Owner, CILCO shall exercise commercially reasonable efforts to avoid such interference.

f. CILCO hereby agrees not to interfere with the use of any existing easement on, under, above or across the Duck Creek Parcel or the Easement Parcels. Furthermore, CILCO hereby agrees not to interfere with the use of any easement hereafter granted on, under, above or across the Duck Creek Parcel or the Easement Parcels so long as such easement or the use thereof does not materially interfere with CILCO's rights hereunder.

g. CILCO shall not permit any lien to stand against the Easement Parcels, the Duck Creek Parcel or any improvements thereon for any labor or materials supplied in connection with work of any character performed or claimed to have been performed on the Easement Parcels or the Duck Creek Parcel at the direction or sufferance of CILCO. In the event of any such lien attaching to the Easement Parcels, the Duck Creek Parcel or the improvements thereon, CILCO shall immediately have such lien released and failure of CILCO to do so shall constitute a breach of this Agreement.

4. Maintenance Services and Expenses. Except as otherwise provided for pursuant to that certain Services and Facilities Agreement dated as of _____, _____ by and between CILCO and Owner (the "Services Agreement"), Owner shall be responsible for maintaining the Easement Parcels, including providing the following maintenance services to CILCO: (i) fire protection for the Easement Parcels, (ii) snow removal from the Easement Parcels, as reasonably necessary, and (iii) landscaping and groundskeeping of the Easement Areas (collectively, the "**Maintenance Services**"). The provision of Maintenance Services by Owner to CILCO under this Section 4 shall in no way effect CILCO's obligations and responsibilities under Section 3(b) above. Except as otherwise provided for pursuant to the Services Agreement, CILCO shall not be required to reimburse Owner for the Maintenance Services. Notwithstanding anything herein to the contrary, Owner shall be solely responsible for all real estate taxes, assessments, fees, charges and impositions, general or special, attributable to the Duck Creek Parcel, by any governmental entity based upon the ownership or operation of the Duck Creek Parcel, including all costs and expenses of protesting the same.

5. Protocols. In addition to any other rules and regulations and safety procedures set forth in this Agreement, Owner and CILCO may, from time to time, jointly establish rules and regulations and safety, security and operating conventions, protocols and practices (collectively, the "**Protocols**") to govern access to and use of the Duck Creek Parcel by CILCO and the Easement Parcels by Owner in a manner consistent with the terms and conditions of this Agreement. Each party shall be responsible for ensuring that any person acting on behalf of such party and entering the Duck Creek Parcel or the Easement Parcels, as the case may be, has been educated and trained in the Protocols and will strictly comply with the Protocols.

6. Condemnation. In the event condemnation proceedings are commenced with respect to any portion of the Easement Parcels, Owner shall promptly notify CILCO in writing of such proceedings. Notwithstanding anything herein to the contrary, in the event that any portion of the Easement Parcels are condemned or taken under the power of eminent domain, (i) this Agreement shall terminate with respect to the portion of the Easement Parcels so taken; (ii) Owner shall use good faith efforts to relocate the portion of the Easement Parcels so taken to another location on the Duck Creek Parcel and, if any portion of the Easement Parcels are so relocated, the parties shall execute an amendment to this Agreement describing the location of

the relocated Easement Parcels; (iii) CILCO, at its sole cost and expense, shall be responsible for any damage to and all costs and expenses incurred in any relocation of the Duck Creek Transmission and Distribution System in accordance with Section 3(b) of this Agreement; and (iv) CILCO shall have the right to pursue against and receive a separate award from the condemning authority for the Duck Creek Transmission and Distribution System.

7. Easement Superior. The parties hereby represent, covenant and agree that (i) this Agreement and the easements granted hereby are, and at all times shall continue to be, superior to any and all future mortgages, future ground leases and other liens or title encumbrances which now or at any time in the future may encumber the whole or any portion of the Duck Creek Parcel, and (ii) that the parties shall use good faith and diligent efforts to seek subordination agreements from the holders of any existing mortgages and/or ground leases, provided, however, the failure to obtain such agreements shall not be deemed a default hereunder.

8. Indemnification.

a. CILCO agrees to forever indemnify, defend and hold harmless Owner and its affiliates, shareholders, officers, directors, partners, employees, agents, attorneys, insurers, lessees, licensees, contractors, successors, assigns, guests and invitees (collectively, the "**Indemnified Parties**") against any and all Liabilities (as defined in the Contribution Agreement) sustained or incurred by the Indemnified Parties, or any of them, as a result of or arising out of (a) the existence or use of the Duck Creek Transmission and Distribution System on the Duck Creek Parcel, (b) the use of the Access Route by CILCO or anyone acting on behalf of or at the direction of CILCO, (c) CILCO's breach of its obligations under this Agreement, including, without limitation, Section 3(b) of this Agreement, or (d) CILCO's exercise of any of its rights granted under this Agreement.

b. Owner agrees to forever indemnify, defend and hold harmless CILCO and its affiliates, shareholders, officers, directors, partners, employees, agents, attorneys, insurers, lessees, licensees, contractors, successors, assigns, guests and invitees (collectively, the "**CILCO Indemnified Parties**") against any and all Liabilities (as defined in the Contribution Agreement) sustained or incurred by the CILCO Indemnified Parties, or any of them, as a result of or arising out of CIGI's breach of its obligation under this Agreement.

9. Miscellaneous.

a. Further Assurances and Future Cooperation. The parties agree, at any time and from time to time and at the requesting party's expense, to execute, acknowledge where appropriate, and deliver such further instruments and documents and to take such other action as either party may reasonably request in order to carry out the intent and purpose of this Agreement.

b. Risk of Loss; Insurance. CILCO acknowledges and agrees that CILCO shall bear all risk of loss or damage to the Switchyard and the Duck Creek Transmission and Distribution System, and that CILCO, at its sole cost and expense, shall be responsible for obtaining and maintaining any insurance with respect thereto.

c. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without reference to its choice of law rules and without the aid of any canon, custom or rule of law requiring construction against the party causing this Agreement to be drafted.

d. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

e. Headings. The Section headings are inserted for convenience only and shall not affect construction of this Agreement.

f. Entire Agreement; Modification. This Agreement constitutes and contains the entire and only existing and binding Agreement between Owner and CILCO concerning the subject matter hereof, and supercedes all prior and contemporaneous negotiations, agreements, proposed agreements, and understandings, if any, between the parties concerning the subject matter of this Agreement. Any amendment or modification hereof, in order to become effective, shall be made by written instrument and, in each instance, executed by each party hereto. No other person or entity shall have the right to modify, amend or terminate this Agreement in any respect, by its conduct or otherwise.

g. No Public Dedication. Nothing contained in this Agreement will be deemed to be a gift or dedication of any portion the Duck Creek Parcel to the general public or for any public purpose whatsoever, it being the intention of the parties hereto that this Agreement will be strictly limited to the purposes expressed herein.

h. No Partnership. No party hereto in any way or for any purpose shall be deemed by reason of this Agreement to be a partner of any other party hereto in the conduct of their respective businesses or a joint venturer or a member of a joint enterprise with such other party.

i. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto. All of the terms and provisions of this Agreement, including the benefits and burdens, shall be deemed to be "covenants running with the land" and shall bind and inure to the benefit of all parties having or acquiring any right, title or interest in or to any portion of, or interest or estate in, the easements granted by this Agreement. Either party may assign this Agreement upon providing the other party with thirty (30) days prior written notice.

j. No Waiver. No delay or omission by any party hereto in exercising any right or power occurring upon any default, noncompliance or failure of performance of any of the provisions of this Agreement by any other party hereto shall be construed to be a waiver thereof. A waiver by any party hereto of any obligation of any other party shall not be construed to be a waiver of any subsequent breach of any other provision set forth in this Agreement.

k. Third Party Beneficiaries. It is understood and agreed by the parties hereto that, except as otherwise expressly provided herein, this Agreement is for the sole benefit of the parties hereto, and their respective successors and assigns (and shall benefit and bind each respective successor-in-title to the parties hereto), and that no third parties shall have any rights hereunder.

l. Counterparts. This Agreement may be executed in any number of original counterparts, each of which shall be deemed to be an original, and all of which original counterparts, when taken together, shall constitute one and the same original Agreement.

m. Notices. All notices and other communications given pursuant to this Agreement shall be in writing and shall be deemed properly served if delivered in person to the party to whom it is addressed or three (3) business days after deposit in the U.S. mail, if sent postage prepaid by U.S. registered or certified mail, return receipt requested, addressed as follows:

If to Owner:

Attention: _____

If to CILCO:

Central Illinois Light Company
300 Liberty Street
Peoria, Illinois 61602
Attention: Real Estate

Either party may change the name of the person or address to which notices and other communications are to be given by so notifying the other party.

n. Authority. The individuals who execute this Agreement represent and warrant that they are duly authorized to execute this Agreement on behalf of Owner and CILCO, as the case may be, that the parties named are all the necessary and proper parties, and that no other signature, act or authorization is necessary to bind such entity to the provisions of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CENTRAL ILLINOIS GENERATION, INC., an
Illinois corporation

By: _____

Name: _____

Title: _____

CENTRAL ILLINOIS LIGHT COMPANY, an
Illinois corporation

By: _____

Name: _____

Title: _____

APPENDIX E TO CILCO'S NOTICE OF TRANSFER OF ASSETS

Acknowledgment for
Central Illinois Generation, Inc.

STATE OF ILLINOIS)
) SS.
COUNTY OF _____)

On the ____ day of _____ in the year _____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within Easement Agreement and acknowledged to me that he executed the same in his capacity, and that by his signature on the Easement Agreement, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.

GIVEN under my hand and notarial seal this ____ day of _____, _____.

Notary Public

Printed Name

My Commission expires:

Acknowledgment for
Central Illinois Light Co.

STATE OF ILLINOIS)
)
COUNTY OF _____) SS.

On the _____ day of _____ in the year _____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within Easement Agreement and acknowledged to me that he executed the same in his capacity, and that by his signature on the Easement Agreement, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.

GIVEN under my hand and notarial seal this _____ day of _____, _____.

Notary Public

Printed Name

My Commission expires:

EXHIBIT A

Legal Description of Duck Creek Parcel

[To Be Attached]

EXHIBIT B

Legal Description of the Line Easement Parcel

[To Be Attached]

EXHIBIT C

Legal Description of Switchyard Easement Parcel

[To Be Attached]

EXHIBIT D

Site Map

[To Be Attached]